

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2014-346-WS - ORDER NO. 2021-132

MARCH 30, 2021

IN RE:	Application of Daufuskie Island Utility)	ORDER APPROVING
	Company, Incorporated for Approval of an)	SETTLEMENT
	Increase for Water and Sewer Rates, Terms)	AGREEMENT AND
	and Conditions)	FURTHER PROCEDURE

The Applicant herein, Daufuskie Island Utility Company, Inc. (“DIUC”), along with the South Carolina Office of Regulatory Staff (“ORS”) and Haig Point Club and Community Association, Inc. (“HPCCA”), Melrose Property Owner’s Association, Inc. (“MPOA”), and Bloody Point Property Owner’s Association (“BPPOA”) (collectively the “POAs” or “Intervenors”) (all hereinafter collectively referred to as the “Parties” or sometimes individually as a “Party”), have informed this Commission that they have entered into a Settlement Agreement.¹ DIUC is represented by Thomas P. Gressette, Jr., Esquire. ORS is represented by Jeffrey M. Nelson, Esquire, and Andrew Bateman, Esquire. The POAs are represented by John J. Pringle, Jr., Esquire, and John Beach, Esquire. The Parties now seek this Commission’s approval of the Settlement Agreement.

¹ The identity of the parties, the procedural history, the issues resolved to date, and the issues outstanding are all well documented in the record. The two opinions issued by the Supreme Court in this matter are included in the Commission record. They may also be found at *DIUC v. S.C. Office of Reg. Staff*, 420 S.C. 305, 803 S.E.2d 280 (2017) (hereinafter “*DIUC I*”) and *DIUC v. S.C. Office Reg. Staff*, 427 S.C. 458, 832 S.E.2d 572 (2019), *reh’g denied* (Sept. 27, 2019) (hereinafter “*DIUC II*”).

SUMMARY OF CASE PROCEEDINGS

DIUC's initial application requested rate adjustments that would render a 108.9% increase in revenue over the revenue generated by the then existing rates authorized pursuant to DIUC's last rate adjustment from a 2012 application. *See* Rehearing Transcript at 80 and Notice of Filing at 1. The additional revenue requested by DIUC was \$1,182,301, which would increase DIUC's total adjusted revenue to \$2,267,722.

This Commission's first Order permitted a 43% increase in DIUC's rates. *See* Order No. 2015-846, Order Approving Settlement (December 8, 2015). DIUC appealed Order 2015-846, and the Supreme Court reversed and remanded the matter "to the Commission for a de novo hearing." *DIUC I*, 420 S.C. at 320, 803 S.E.2d at 288. At rehearing in December 2017, DIUC provided testimony that the "current economic realities following remand" had changed and that DIUC actually required a \$1,349,467 increase to properly operate, as opposed to the \$1,182,301 in the pending application. *See* Rehearing Transcript at 79. However, to keep the final adjusted revenues and the corresponding underlying rates within the application's original 108.9% revenue increase that was noticed to the customers in accordance with the 2014 historical test year data, DIUC proposed to leave outstanding a portion of its rate case expenses beyond those that could be included within a 108.9% increase. *See* DIUC's Supplemental Brief Regarding Second Remand at 15.

After conducting the rehearing, the Commission entered its Directive on December 20, 2017, and its full Order on Rehearing (Order No. 2018-68, January 31, 2018). The Directive and Order on Rehearing permitted DIUC a \$950,178 overall rate increase that

was designed to produce combined annual revenues of \$2,023,759, comprised of water revenues of \$1,020,831 and wastewater revenues of \$1,002,928. DIUC appealed Order 2018-68 and the Supreme Court again reversed this Commission. *See generally DIUC II*, 427 S.C. 458, 832 S.E.2d 572 (2019), *reh'g denied* (Sept. 27, 2019).

DIUC requested on this second remand that the Commission approve an additional \$243,955 increase over the \$2,023,759 revenues allowed with the \$950,178 increase from Order No. 2018-68. The proposed increase, added to the previously approved and implemented increase from Order No. 2018-68, would produce combined annual revenues of \$2,267,714. *See* Settlement Agreement at Exhibit 1, Settlement Rates and Revenues (Billing Analysis) and Settlement Agreement at Exhibit 2, Operating Statement (Water and Wastewater Combined) (illustrating the resultant operating experience based on the application's 2014 test year). By adopting the Settlement Agreement, the Commission would be approving these rates, referred to in the Settlement Agreement as the 2021 Rates.

Due to public health concerns and the COVID-19 pandemic, the Commission conducted the scheduled hearing in this matter virtually on February 25, 2021 beginning at 11:00 a.m. with the Honorable Justin T. Williams, Chairman, presiding in the Commission's hearing room located at 101 Executive Center Drive in Columbia, South Carolina, with the Honorable Carolyn L. Williams, the Honorable Stephen "Mike" Caston, the Honorable Thomas J. "Tom" Ervin, the Honorable Headon B. Thomas, and the Honorable Delton W. Powers, Jr. The Honorable Florence P. Belser is recused in this Docket.

THE SETTLEMENT AGREEMENT

The Parties have submitted a Settlement Agreement indicating the Parties have agreed as follows:

1. Rate Case Expenses: In addition to the \$272,382 of rate case expenses previously recommended for recovery by ORS, approved by the Commission in Order No. 2018-68, and currently reflected in rates charged to customers, the Parties agree to recovery of \$542,978 for Guastella Associates' ("GA") rate case expenses incurred by DIUC through September 30, 2017, and supplemental legal rate case expenses of \$95,430, with both amounts to be amortized over a three (3) year period. DIUC reports it has also incurred additional rate case expenses, both GA rate case expenses and legal rate case expenses, in conjunction with this rate proceeding. The Parties agree DIUC will delay seeking recovery of these additional rate case expenses until its next rate filing, and the Parties agree to reserve their positions as to DIUC's recovery of these additional rate case expenses for consideration in DIUC's next rate case.

2. Rate Base / Utility Plant in Service: DIUC's application included \$8,139,260 of reported used and useful facilities included in Utility Plant in Service. Commission Order Nos. 2015-846 and 2018-68 both reduced that amount by \$699,361. The Parties agree DIUC will delay seeking recovery of the corresponding \$699,361 until its next rate filing, and the Parties agree to reserve their positions as to the \$699,361 reduction to Utility Plant in Service for consideration in DIUC's next rate case.

3. Reparations: DIUC asserts the temporary rates permitted by Order No. 2015-846's rate increase of 43%, which was mitigated but not corrected by Order No. 2018-68's

further changes permitting a rate increase of 88.5%, were confiscatory. DIUC seeks reparations to recoup through a surcharge its shortfall in revenues and return with interest accumulating until the surcharge becomes effective, back to its January 2018 billing for service provided for the last quarter of 2017, until its first billing following a final decision on the recoupment issue. DIUC also seeks reparations to recoup through a surcharge the credit/refund made in its January 2018 billing for the difference between the 88.5% increase and the 108.9% increase that had been in effect during the first appeal with interest accumulating until the surcharge becomes effective. ORS and the Intervenors disagree. ORS asserts that, because DIUC chose not to put its requested (applied for) rates into effect under bond pending resolution of the second appeal, it cannot collect revenues from its customers going forward which it claims to have lost as a result of its decision to not post a bond while the current appeal was pending. Moreover, ORS also asserts that DIUC is prohibited from charging its customers any interest on any alleged lost revenues, because ratemaking is a prospective rather than a retroactive process. It is ORS's position that retroactive ratemaking is prohibited based on the principle that customers who use service provided by a utility should pay for its production rather than requiring future customers to pay for past use. *S.C. Elec. & Gas Co. v. Pub. Serv. Comm'n*, 275 S.C. 487, 272 S.E.2d 793 (1980). The Settlement Agreement contains a procedure whereby after this Commission's decision regarding the proposed Settlement Agreement, the Parties can brief the matter to the Commission for its further determination in this case. The Settlement Agreement provides for notice and a briefing schedule on this issue. Prior to sending out the notice to customers, ORS shall be given an opportunity to review said Notice and

approve it. If so approved, ORS shall notify this Commission in writing that the Notice has been approved and show copies of the Notice to all parties, prior to submission to DIUC's customers. The Parties agree that this proceeding, Docket No. 2014-346-WS, will remain open until the issue of reparations is fully adjudicated, including any appeals and final order(s) on remand, if necessary. The Parties reserve their right to appeal the Commission's decision regarding this issue.

4. The Public Interest: In addition to these three issues, the Parties' Settlement Agreement includes an affirmation by ORS that the Settlement Agreement reached among the Parties serves the public interest as defined in S.C. Code Ann. § 58-4-10(B).

5. Commission Approval: The Parties agree that the Settlement Agreement does not preclude each Party from advancing its respective positions in the event that the Commission does not approve the Settlement Agreement.

6. Importance of Timing: The Parties agreed to cooperate in seeking approval of the Settlement Agreement as soon as is practical, jointly requesting expedited review and a decision of the Commission by Order prior to March 1, 2021, that provides DIUC may implement the 2021 Rates for services beginning March 1, 2021, and DIUC may include the same in its April 1, 2021, quarterly billing.

7. Settlement Testimony: In support of the request for approval, DIUC filed a copy of the Settlement Agreement and the Verified Settlement Testimony of John F. Guastella, and ORS filed the Verified Testimony of Dawn M. Hipp. A virtual settlement hearing was held on February 25, 2021, before this Commission, and Ms. Hipp orally presented her testimony. The Parties, represented by their respective attorneys, also

appeared at the virtual proceeding. The Commission had an opportunity to examine the witness and the attorneys concerning this Settlement.

CONCLUSION

Following remand of this matter pursuant to *DIUC II*, 427 S.C. 458, 832 S.E.2d 572 (2019), *reh'g denied* (Sept. 27, 2019), the Parties have participated in multiple hearings before this Commission, including a Settlement hearing. The Commission has considered the Settlement Agreement and the settlement testimony of the witnesses. Based upon the Parties' submissions, the representations included within the Settlement Agreement, the testimony of the settlement witness, and the record as a whole, the Commission finds the Settlement Agreement is just, fair, and reasonable, is in accord with applicable law and regulatory policy, and is in the public interest.

The Settlement Agreement (attached as Order Exhibit 1) is hereby approved, effective March 1, 2021. Accordingly, DIUC may implement the 2021 Rates, (as defined in the Settlement Agreement and reflected in the attachments thereto) for services beginning March 1, 2021, and DIUC may include the same in its April 1, 2021, quarterly billing.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Justin T. Williams, Chairman
Public Service Commission of
South Carolina

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2014-346-WS

IN RE:)	
)	
Application of Daufuskie Island Utility)	SETTLEMENT AGREEMENT
Company, Inc. for Approval of an)	
Adjustment for Water and Sewer Rates,)	
Terms and Conditions.)	
_____)	

This Settlement Agreement is made between and among the Applicant herein, Daufuskie Island Utility Company, Inc. ("DIUC"); the South Carolina Office of Regulatory Staff ("ORS"); and Haig Point Club and Community Association, Inc. ("HPCCA"), Melrose Property Owner's Association, Inc. ("MPOA"), and Bloody Point Property Owner's Association ("BPPOA") (collectively the "POAs" or "Intervenors") (all hereinafter collectively referred to as the "Parties" or sometimes individually as a "Party").

On June 9, 2015, DIUC initiated this matter by filing its Application for Approval of Adjustment for Water and Sewer Rates, Terms and Conditions ("the Application"). Filed pursuant to S.C. Code Ann. Section 58-5-240 and 10 S.C. Code Ann. Regs. 103-712.4.A and 103-512.4.A, the Application and requested rates were based upon 2014 test year data. The procedural history, the issues resolved to date, the matters addressed in the appeals, and the issues outstanding are all well documented in the record and in the opinions issued by the South Carolina Supreme Court in DIUC v. S.C. Office of Reg. Staff, 420 S.C. 305, 803 S.E.2d 280 (2017) and DIUC v. S.C. Office Reg. Staff, 427 S.C. 458, 832 S.E.2d 572 (2019), reh'g denied (Sept. 27, 2019).

Following the second appeal and remand, the Parties, having engaged in discussions to determine whether a settlement in this proceeding would be in their best interests and in the public interest, hereby stipulate to, agree to, and affirm the following terms for implementation of rates herein referred to as the 2021 Rates:

1. On August 17, 2020, each DIUC customer was provided by U.S. Mail and/or by electronic mail to those customers who have agreed to receive notice by electronic mail DIUC's Second Revised Notice of Filing in the format approved by the Clerk of the South Carolina Public Service Commission ("Commission"). No objections or requests to intervene were filed in response to the Second Revised Notice.
2. The 2021 Rates are designed and intended to generate \$2,267,714 of annual revenue for DIUC, as shown in the Settlement Rates and Revenues (Billing Analysis) attached hereto as Exhibit 1 and herein incorporated. These rates and charges become effective upon Order of the PSC accepting this Settlement Agreement and may be first billed by DIUC to its customers in the first bill issued by DIUC thereafter.
 - a. The Parties agree to present this Settlement Agreement to the Commission for approval as soon as is practical, jointly requesting expedited review and a decision of the Commission by Order prior to March 1, 2021, that provides DIUC may implement the 2021 Rates for services beginning March 1, 2021, and DIUC may include the same in its April 1, 2021, quarterly billing.
 - b. The Parties agree to submit a Joint Proposed Order.
3. The Parties reserve their rights to review and make recommendations regarding the return of all customer funds that have accrued to DIUC as a result of the Tax Cuts and Jobs Act in a subsequent proceeding.
4. Based on a 2014 test year analysis, the resultant operating experience is illustrated and shown on the Operating Statement (Water and Wastewater Combined) attached hereto as Exhibit 2 and herein incorporated.
5. This Settlement Agreement results in rates for water and wastewater service that are just and reasonable and will allow the Company the opportunity to earn a reasonable return on the basis of its 2014 rate application.
6. In addition to the \$272,382 of rate case expenses previously recommended for recovery by ORS, approved by the Commission in Order No. 2018-68, and currently reflected in rates charged to customers, the Parties agree to recovery of \$542,978 for Guastella Associates'

rate case expenses incurred by DIUC through September 30, 2017, and supplemental legal rate case expenses of \$95,430.00, with both amounts to be amortized over a three (3) year period. DIUC has incurred additional rate case expenses, both Guastella Associates' rate case expenses and legal rate case expenses, in conjunction with this rate proceeding. DIUC will delay seeking recovery of these additional rate case expenses not included in this settlement until its next rate filing, and the Parties agree to reserve their positions as to DIUC's recovery of these additional rate case expenses for consideration in DIUC's next rate case.

7. DIUC's Application included \$8,139,260 of reported used and useful facilities included in Utility Plant in Service. Commission Orders 2015-846 and 2018-68 both reduced that amount by \$699,361. The inclusion of \$542,978 for Guastella Associates' rate case expenses along with the additional legal rate case expenses, related minor, and fall-out adjustments generates \$2,267,714 of annual revenue for DIUC in DIUC's 2021 Rates. As shown in the Second Revised Notice of Filing the rates most recently noticed to DIUC customers indicated annual revenue of \$2,267,722. Including the \$699,361 in Utility Plant In Service would result in rates that exceed the noticed revenue of \$2,267,722. Therefore, DIUC will delay seeking recovery of the corresponding \$699,361 until its next rate filing, and the Parties agree to reserve their positions as to the \$699,361 reduction to Utility Plant in Service for consideration in DIUC's next rate case.
 - a. The Parties, all of them and each of them, specifically reserve their rights, positions, arguments, and testimony related to this issue. Neither the previous orders entered in this matter regarding the \$699,361 reduction to Utility Plant in Service nor this Settlement Agreement shall serve to collaterally estop or bind the Parties as to that issue and neither shall be construed as a waiver or any indication of the strength or weakness of any Party's position(s) as to this issue.
8. DIUC asserts the temporary rates permitted by Order 2015-846's rate increase of 43%, which was mitigated but not corrected by Order 2018-68's further changes permitting a rate increase of 88.5%, were confiscatory. DIUC seeks reparations to recoup through a surcharge its shortfall in revenues and return with interest accumulating until the surcharge becomes effective, back to its January 2018 billing for service provided for the last quarter

of 2017, until its first billing following a final decision on the recoupment issue. DIUC also seeks reparations to recoup through a surcharge the credit/refund made in its January 2018 billing for the difference between the 88.5% increase and the 108.9% increase that had been in effect during the first appeal with interest accumulating until the surcharge becomes effective. ORS and the Intervenors disagree. ORS asserts that because DIUC chose not to put its requested (applied for) rates into effect under bond pending resolution of the second appeal, it cannot collect revenues from its customers going forward which it claims to have lost as a result of its decision to not post a bond while the current appeal was pending. Moreover, ORS also asserts that DIUC is prohibited from charging its customers any interest on any alleged lost revenues because rate-making is a prospective rather than a retroactive process. It is ORS's position that retroactive ratemaking is prohibited based on the principle that customers who use service provided by a utility should pay for its production rather than requiring future customers to pay for past use. S.C. Elec. & Gas Co. v. Pub. Serv. Comm'n, 275 S.C. 487, 272 S.E.2d 793 (1980).

- a. By way of compromise, the Parties jointly request the Commission adopt and implement DIUC's 2021 Rates then allow the Parties to present their positions regarding the reparations via written submissions. The Parties agree these issues may be decided on their respective submissions to Commission.
- b. After Commission approval of this Settlement Agreement and the issuance of an Order permitting implementation of the 2021 Rates, the Parties shall proceed to present their respective positions to the Commission regarding the DIUC request for reparations. In accordance with the South Carolina Administrative Procedures Act, DIUC shall provide in customary form notice to its customers of the same and an opportunity to be heard regarding the proposed surcharge. ORS, and any other party, has the right to comment on the Notice.
- c. The Parties agree their written submissions should be filed as follows:
 - i. DIUC submissions due 30 calendar days after it has provided notice and opportunity to be heard as outlined in Paragraph 8(b) above;
 - ii. ORS and Intervenors submissions due 21 calendar days after filing of DIUC submissions; and

- iii. DIUC Reply submissions due 10 calendar days after filing of ORS and Intervenor submissions.
 - d. Should the Commission issue an Order approving DIUC's proposed method of reparations and timing of billing surcharges, DIUC shall submit the calculation of the amount of the surcharges to individual customers for review by ORS. If there is a dispute as to the amount of the surcharges and their implementation, the Parties agree to proceed expeditiously to an evidentiary hearing to determine the appropriate amount of surcharges.
 - e. The Parties, all of them and each of them, specifically reserve their rights, positions, arguments, and previous testimony related to these issues. This Settlement Agreement shall not be construed as a waiver or any indication of the strength or weakness of any Party's position(s) as to these issues.
 - f. The Parties agree that this proceeding, Docket No. 2014-346-WS, will remain open until the issue discussed above in Paragraph 8 herein is fully adjudicated, including any appeals and final order(s) on remand, if necessary. The Parties reserve their right to appeal the Commission's decision regarding this issue.
9. The Parties agree that this Settlement Agreement does not constrain, inhibit, or impair in any way the arguments or positions they may choose to assert in future proceedings except as to the specific matters resolved herein, nor will the Settlement Agreement or any of the matters agreed to in it be used as evidence or precedent in any future proceeding.
10. The Parties agree this Settlement Agreement is reasonable, in the public interest, and in accordance with law and regulatory policy. Further, ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2018). S.C. Code Ann. § 58-4-10(B) reads in part as follows:
- . . . 'public interest' means the concerns of the using and consuming public with respect to public utility services, regardless of the class of customer and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes this Settlement Agreement reached among the Parties serves the public interest as defined above.


11. This Agreement is subject to and conditioned upon adoption of the same by the Commission.
12. If the Commission should decline to approve this Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from this Settlement Agreement without penalty.
13. The Parties agree that nothing herein will preclude each party from advancing its respective positions in the event that the Commission does not approve this Settlement Agreement.
14. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.
15. Excluding the positions the Parties agree to preserve as more fully set forth in Paragraph 8, the Parties agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission as a fair and reasonable resolution of the issues herein stated and the Parties agree not to take any action inconsistent with its adoption by the Commission.
16. This Settlement Agreement shall be interpreted according to South Carolina law.
17. Each Party acknowledges its consent and agreement to this Settlement Agreement by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of this Settlement Agreement. Electronic and/or facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages

combined with the body of the document constituting an original and provable copy of this Settlement Agreement.

18. This Settlement Agreement shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, affiliates, parent corporations, if any, joint ventures, heirs, executors, administrators, trustees, and attorneys.

WE AGREE.

Representing and binding Daufuskie Island Utility Company, Inc.


Thomas P. Gressette, Jr.
G. Trenholm Walker

2-18-21
Date

WE AGREE.

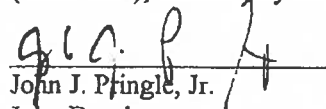
Representing and binding the Office of Regulatory Staff of South Carolina


Jeffrey M. Nelson
Andrew Bateman

2/18/21
Date

WE AGREE.

Representing and binding Haig Point Club and Community Association, Inc. ("HPCCA"), Melrose Property Owner's Association, Inc. ("MPOA"), and Bloody Point Property Owner's Association ("BPPOA"), collectively referred to as the "POAs" or "Intervenors"


John J. Pringle, Jr.
John Beach

2/18/21
Date

Daufuskie Island Utility Company, Inc.

**Settlement Rates and Revenues
(Billing Analysis)**

WATER						
Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue
Haig Point-Residential	3/4" Meter			1,061	\$155.88	\$165,389
	0 to 22,500 gals.	8,360,179	\$4.47			\$37,370
	Over 22,500 gals.	3,192,728	\$4.47			\$14,271
Haig Point-Irrigation				727		
	0 to 18,000 gals.	8,367,838	\$4.91			\$41,086
	18,001 to 60,000 gals.	9,829,270	\$5.80			\$57,010
	Over 60,000 gals.	10,049,342	\$6.69			\$67,230
Melrose-Residential	3/4" Meter			452	\$155.88	\$70,458
	0 to 22,500 gals.	4,105,940	\$4.47			\$18,354
	Over 22,500 gals.	2,177,808	\$4.47			\$9,735
Melrose-Irrigation				100		
	0 to 18,000 gals.	1,368,330	\$4.91			\$6,719
	18,001 to 60,000 gals.	2,002,230	\$5.80			\$11,613
	Over 60,000 gals.	2,986,298	\$6.69			\$19,978
Haig Point-Commercial	Metered			106	\$218.23	\$23,132
	0 to 22,500 gals.	2,413,190	\$4.47			\$10,787
	Over 22,500 gals.	2,132,690	\$4.47			\$9,533
Melrose-Commercial	Metered			329	\$218.23	\$71,798
	0 to 22,500 gals.	1,752,659	\$4.47			\$7,834
	Over 22,500 gals.	2,544,703	\$4.47			\$11,375
Water Service Total		61,283,205		2,775		\$653,671
SEWER						
Customer	Classification	Consumption	Usage Charge	Units	Base Charge	Revenue
Haig Point-Residential	3/4" Meter			1,061	\$226.37	\$240,179
	0 to 22,500 gals.	8,360,179	\$2.41			\$20,148
	Over 22,500 gals.	3,192,728	\$2.41			\$7,694
Melrose-Residential	3/4" Meter			448	\$226.37	\$101,414
	0 to 22,500 gals.	3,926,008	\$2.41			\$9,462
	Over 22,500 gals.	2,296,390	\$2.41			\$5,534
Haig Point-Commercial	Metered			102	\$316.91	\$32,325
	0 to 22,500 gals.	2,362,530	\$2.41			\$5,694
	Over 22,500 gals.	2,132,690	\$2.41			\$5,140
Melrose-Commercial	Metered			329	\$316.91	\$104,263
	0 to 22,500 gals.	1,559,487	\$2.41			\$3,758
	Over 22,500 gals.	2,436,565	\$2.41			\$5,872
Water Service Total		26,266,577		1,940		\$541,483
REVENUE SUMMARY:						
Total Residential Water and Sewer Service Revenues						\$700,007
Total Commercial Water and Sewer Service Revenues						\$291,512
Total Irrigation Service Revenues						\$203,636
Total Water and Sewer Service Revenues						\$1,195,154
Availability Billing-Water	Haig Point			1,917	\$112.23	\$215,145
	Melrose			1,617	\$112.23	\$181,476
	Bloody Point			368	\$112.23	\$41,301
Availability Billing-Sewer	Haig Point			1,917	\$146.01	\$279,901
	Melrose			1,617	\$146.01	\$236,098
	Bloody Point			368	\$146.01	\$53,732
Total Water and Sewer Availability Revenues						\$1,007,652
Total Misc. Other Revenue						\$64,907
Total Operating Revenue						\$2,267,714

Docket No. 2014-346-WS

Daufuskie Island Utility Company, Inc.

**Operating Statement
Water and Wastewater Combined**

	Settlement Rates
Total Operating Revenues	\$ 2,267,714
Operating Expenses:	
Wages	176,590
Benefits	6,200
Director's Fees	16,500
Sludge Disposal	-
Power	130,181
Chemicals	9,020
Supplies & Maintenance	27,116
Outside Services-Mgmt	171,365
Outside Services-Engineering	10,137
Outside Services-Accounting	2,761
Outside Services-Legal	23,178
Outside Services-Testing	92,288
Outside Services-Other	38,621
Other Operating Expenses	-
Transportation	2,450
Bad Debt	222,629
Insurance	38,913
Regulatory Commission Expense	15,636
Other A&G Expenses	36,438
Accepted ORS Adjustment	(46,033)
Partial Post 9-30-2017 Legal Fees (3 Year Amortization)	31,810
Total O&M Expense	1,005,801
Depreciation	82,560
Amortization of Rate Case Exp	271,787
Amortization of Deferred Property Tax	65,855
Revenue Taxes	19,425
Property Taxes	192,302
Payroll Taxes	13,212
State and Federal Income Taxes	176,575
Total Operating Expenses	1,827,517
Net Operating Income	\$ 440,197
Rate Base	\$ 5,900,924
Rate of Return	7.46%
Interest Expense	143,392
Operating Margin	13.1%